

Corporate Governance – Terms of Reference of the Audit Committee

1. Membership

- 1.1. The members of the Committee shall be appointed by the board of directors of the Company (the “Board”) from amongst the non-executive directors of the Company and shall consist of a minimum of 2 members (or such lower number of non-executive directors as shall be board members from time to time). The majority of the members should be non-executive directors who are independent. At least one member of the committee should have recent and relevant financial knowledge. The members of the committee will be listed each year in the Company’s report and accounts.
- 1.2. The quorum for decisions of the Committee shall be any 2 members.
- 1.3. The chairman of the Committee shall be non-executive director as the Committee shall elect.

2. Conduct of business

- 2.1. The Company’s auditors and the Finance Director shall normally attend meetings of the Committee. Other Board members shall also have the right of attendance.
- 2.2. Notwithstanding paragraph 2.1., at least once a year representatives of the Company’s auditors shall meet with the Committee without any executive board member present, except by invitation of the Committee.
- 2.3. The Company shall, at the request of the Committee, provide the services of a secretary to the Committee.
- 2.4. The Committee shall meet at least twice each year.
- 2.5. Any member may request a meeting of the Committee at any time if he or she considers one is necessary and may request the attendance of any professional advisers to the Company.
- 2.6. The Company’s auditors may request a meeting of the Committee at any time if they consider it to be necessary.

- 2.7. The secretary shall circulate the minutes of the Committee's meetings to all members of the Board.

3. Duties

The Committee shall:

- a) Review the scope and results of the annual audit and its cost effectiveness and the independence and objectivity of the auditors;
- b) **To develop and recommend to the Board the Company's policy on the provision of non-audit services** by the external auditors and ensure that the provision of such services does not impair the external auditors' independence or objectivity;
- c) Consider the appointment of the Company's auditors, the audit fee, and any questions of resignation or dismissal;
- d) Conduct a discussion with the Company's auditors before the start of each annual audit on the nature and scope of the audit and, where more than one audit firm is involved, monitor coordination between them;
- e) Review the half-year and annual accounts before their submission to the full Board, particularly focusing on:
 - i. Any changes in accounting policies and practices;
 - ii. Any major judgmental areas;
 - iii. Any significant adjustments arising from the audit;
 - iv. The "going concern" assumption;
 - v. Compliance with accounting standards; and
 - vi. Compliance with all legal and regulatory requirements including the UK Corporate Governance Code;
- f) Discuss (in the absence of the executive directors, if appropriate) any problems or reservations which the auditors may have arising from final audits and any interim audits or otherwise;

- g) Review the Company's auditors' management letter and the response of the management;
- h) Review the Company's statement on internal control systems prior to submission to the Board and review the Company's system of internal controls;
- i) Review any internal audit programme and ensure that it is adequately resourced;
- j) Review the effectiveness of the company's risk management systems, including the review of the company's procedures for business risk identification and risk management processes;
- k) **Consider the ethics and policies** for preventing or detecting fraud and for preventing bribery and corruption; and
- l) Consider any other matter specifically referred to the Committee by the Board.

4. Authority

The Board authorises the Committee:

- a) To investigate any matter within its terms of reference and seek any information it requires from any employee or director and all employees and directors are directed to co-operate with request by the Committee;
- b) To obtain independent professional advice at the cost of the Company, in accordance with the Company's guidelines in effect from time to time; and
- c) To secure the attendance of independent professional advisers at Committee meetings with relevant experience and expertise if the Committee considers this necessary.